

**UNIVERSITY OF SWAZILAND**  
**FACULTY OF COMMERCE**  
**DEPARTMENT OF BUSINESS ADMINISTRATION**  
**MAIN EXAMINATION 2008**  
**FULL-TIME AND I.D.E.**

**TITLE OF PAPER : STRATEGIC MARKETING MANAGEMENT**  
**COURSE : BA 522**  
**DEGREE AND YEAR :BCOM 5**  
**TIME ALLOWED :THREE (3) HOURS**

**INSTRUCTIONS:**

- 1. THIS PAPER CONSISTS OF SECTION (A) AND (B)**
- 2. SECTION (A) IS COMPULSORY**
- 3. ANSWER ANY THREE (3) QUESTIONS FROM SECTION B**
- 4. THE TOTAL NUMBER OF QUESTIONS IN THIS PAPER IS FIVE**

**NOTE: MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN  
ENGLISH AND FOR ORDERLY PRESENTATION**

**THIS EXAMINATION PAPER SHOULD NOT BE OPENED UNTIL INVIGILATOR HAS  
GRANTED PERMISSION**

## SECTION A (COMPULSORY)

READ THE FOLLOWING CASE AND ANSWER THE QUESTIONS BELOW

### THINGS ARE UP IN THE AIR AT BOEING

There is perhaps no other industry that has undergone more environmental change than aerospace, and recent events at Boeing illustrate that fact. While contractors such as Boeing, McDonnell Douglas, and Lockheed Martin have traditionally enjoyed enviable funding from a big U.S. defense budget, they have had to turn their focus toward the private sector as government funding has dried up. Boeing is perhaps in a better position to make this adjustment than other U.S. aerospace firms because it has not relied so exclusively on defense contracts. The company has long been the world's biggest maker of civil aircraft, but a second division player in defense. Nevertheless belt tightening in Washington could severely limit this Seattle-based manufacturer's potential for growth.

Competition in the private sector of aerospace is much more intense than that of the defense industry. Rivalry among U.S. competitors - and from competitors abroad - puts constant pressure on costs and price relationships. For example, international firms such as Fokker and Airbus present strong competition because of their political and market strengths within Europe. Airbus, in particular, receives billions of dollars in subsidies from the governments of Europe to cover its operating losses. Meanwhile, technological advances have steadily increased the cost of airplane development. Boeing's latest development, the 777, cost an astounding \$5.5 billion to build. Estimates are that the next generation of airplanes will cost even more.

But while some companies simply react to change in the environment, Boeing seems to be enacting change that alters the environmental landscape that other competitors see. For example, in designing the 777, Boeing kept costs down (a bit) and reduced development time by partnering with a host of suppliers and designers who subcontracted components of the overall project. Boeing's core skill has been its ability to bring all these pieces together to manufacture the entire aircraft. In addition, the company has